# CITY OF MIAMI BEACH COMMISSION ITEM SUMMARY



#### **Condensed Title:**

A Resolution accepting the recommendation of the City Manager and approving the selection of SMG, as the successful proposer pursuant to Request for Proposals (RFP) No. 33-02/03, and further authorizing the Administration to enter into negotiations with SMG, subject to submission of a five year operational, marketing and budgetary plan, for the Management and Operation of the Miami Beach Convention Center, the Jackie Gleason Theater of Performing Arts, and other facilities.

#### Issue:

Shall the City Commission authorize the Administration to negotiate with SMG, the sole responsive bidder, and SMG for the Management and Operation of the Miami Beach Convention Center, the Jackie Gleason Theater of the Performing Arts, and other facilities?

## Item Summary/Recommendation:

The Administration recommends that the Mayor and City Commission adopt the attached resolution which accepts the City Manager's recommendation, and authorizes the Administration to enter into negotiations with SMG for the Management and Operation of the Miami Beach Convention Center, the Jackie Gleason Theater of the Performing Arts, and other facilities.

## **Advisory Board Recommendation:**

On October 25, 2002 the **Finance and Citywide Projects Committee** recommended the Administration issue a Request for Proposals.

On August 27, 2002 and November 19, 2002, the **Convention Center Advisory Board** adopted motions recommending that the City negotiate with SMG.

#### **Financial Information:**

Source of	Am	nount	Account	Approved
Funds:	1	***************************************		
	2			
	3			
	4			
Finance Dept.	Total			

City Clerk's Office Legislative Tracking:	
Christina M. Cuervo	

Sign-Offs:

Department Director	Assistant City Manager	City Manager
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AGENDA ITEM <u>R7F</u>
DATE <u>7-2-03</u>

## CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139 www.miamibeachfl.gov



Date: July 2, 2003

#### COMMISSION MEMORANDUM

To:

Mayor David Dermer and

Members of the City Commission

From:

Jorge M. Gonzalez

City Manager

Subject:

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY MIAMI BEACH, FLORIDA, **ACCEPTING** RECOMMENDATION OF THE CITY MANAGER AND APPROVING THE SELECTION OF SMG, AS THE SUCCESSFUL **PROPOSER** PURSUANT TO REQUEST FOR PROPOSALS (RFP) NO. 33-02/03, AND FURTHER AUTHORIZING THE ADMINISTRATION TO ENTER INTO NEGOTIATIONS WITH SMG, SUBJECT TO SUBMISSION OF A FIVE YEAR OPERATIONAL, MARKETING AND BUDGETARY PLAN, FOR THE MANAGEMENT AND OPERATION OF THE MIAMI BEACH CONVENTION CENTER, THE JACKIE GLEASON THEATER OF PERFORMING ARTS, AND OTHER FACILITIES.

## ADMINISTRATIVE RECOMMENDATION

Adopt the Resolution.

#### **ANALYSIS**

On July 15, 1998, the Mayor and City Commission adopted Resolution No. 98-22850, which authorized execution of an Agreement with SMG for three (3) years with two (2) one-year renewals.

On September 5, 2001, the Mayor and City Commission adopted Resolution No. 2001-24573, which approved two (2) one-year extensions which will expire on September 30, 2003. Since the City's Agreement with SMG does not provide for any further renewal options, on July 31, 2002, an item was referred to the Finance and Citywide Projects Committee to discuss the future management of the Miami Beach Convention Center (MBCC) and the Jackie Gleason Theater of the Performing Arts (TOPA).

On October 25, 2002, the Finance and Citywide Projects Committee convened and recommended the Administration issue a Request for Proposals (RFP) seeking qualified firms for the management and operation of the MBCC and TOPA.

On August 27, 2002 and November 19, 2002, the Convention Center Advisory Board discussed the future management and operation of the MBCC and TOPA and adopted motions at both meetings recommending that the City negotiate a no bid contract to the current operators due to the lack of qualified competitive operators worldwide and SMG's proven track record, their professional management and operational expertise.

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On January 8, 2003, the Mayor and City Commission adopted Resolution No. 2003-25107, which authorized the issuance of a RFP for the management and operation of the Miami Beach Convention Center, the Jackie Gleason Theater of Performing Arts, and City cultural facilities to include but not limited to: the Byron-Carlyle Theater, the Acorn Theater, the bandshell and/or the Colony Theater.

## RFP SCOPE OF SERVICES

The RFP described the proposer's responsibilities as to management and operation of the facilities, including the goals and objectives of the City and maintenance and repair requirements, and are enumerated below:

- 1. The selected proposer will be responsible for the complete management and operation of the MBCC and TOPA. The selected proposer shall furnish all management, supervision, labor, and services consistent with generally accepted operations of a first-class Convention Center and/or Theater, and shall be responsible for the maintenance of the buildings and equipment and marketing of the facilities management of various product and service providers; coordination of facilities utilization and scheduling.
- 2. The City may also elect to contract with the selected proposer to manage and/or market other City cultural facilities such as the Byron-Carlyle Theater, the Acorn Theater, the bandshell and/or the Colony Theater, during the term of the contract. The City believes that the selected proposer will provide the added benefit of being financially capable of promoting events, providing marketing expertise and obtaining operational efficiencies for the other City venues.
- 3. The City established certain goals and objectives to guide the management and operation of the City facilities. In addition, the City established specific standards of operation, which constitute a framework for the management of the Facilities by a private management firm.
- 4. All proposers were informed of the following minimum contract requirements:
  - a. A term of three (3) years with an option for two (2) additional one (1) year periods at the City's discretion.
  - b. A performance bond requirement of \$1,000,000.
  - c. A clause for termination of contract for convenience by the City with a 120day notification to the awarded management company.
  - d. A cure period/notice process to the clause on termination of contract for default.
- 5. The RFP is for the management and operation of the MBCC and the TOPA, and not for either of the facilities.

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- 6. A minimum requirement of five years experience in management and operation of a convention center facility and a performing arts center of similar sizes by the firm and/or key personnel of the firm.
- 7. The structure of the RFP provides at the City's sole discretion and option, to elect to negotiate with the successful operator to manage and/or market other City cultural facilities such as the Byron-Carlyle Theater, the Acorn Theater, the bandshell and/or the Colony Theater, during the term of their contract.
- 8. The RFP also requires adherence to the City's Living Wage Ordinance and other lobbying requirements.

## **RFP PROCESS**

RFP No. 33-02/03 was issued on February 24, 2003 with an opening date of March 21, 2003, which was subsequently changed to March 28, 2003 as a result of questions and request for additional information from interested proposers. A pre-proposal conference to provide information to firms considering submitting a response was held on March 7, 2003.

On March 28, 2003, the City received two (2) proposals: 1) Waterford Hotel Group, Inc.; and 2) SMG. The Administration in consultation with the City Attorney's Office, determined that Waterford's proposal was deemed non-responsive based on the following:

- 1. No audited financial statements were submitted as required by Section III B(a) through (e) of the RFP.
- 2. No resumes for its key personnel were submitted as required by Section III B(8) of the RFP.
- 3. No credit report or credit history letters from financial institutions were submitted as required by Section III B(10)(g) and (h).
- 4. No public entity crime form was submitted as required by Section III A(5) of the RFP.

The City Manager via Letter to Commission (LTC) No. 88-2003, appointed an Evaluation Committee ("the Committee") consisting of the following individuals:

- Eva Barreto, Miami Beach Chamber of Commerce
- Stu Blumberg, President, Greater Miami & the Beaches Hotel Association, (Chairman of the Evaluation Committee)
- Mayra Diaz Buttacavoli, Assistant City Manager
- Pablo Cejas, Lincoln Road Property Owner
- Joe Fontana, Convention Center Advisory Board Member
- Nancy Wolcott, Cultural Arts Council
- Trish Walker, Chief Financial Officer

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- Eugene Woodard, Budget Advisory Committee
- Donna Shaw, Director of Tourism and Cultural Development

On June 18, 2003, the Committee convened (Trish Walker and Nancy Wolcott were unable to participate due to prior obligations) and was provided with the following information:

- 1. Cone of Silence, Government in the Sunshine Law, and evaluation criteria by Gus Lopez, Procurement Director; and
- 2. Project overview, background information, and scope of services by Christina Cuervo, Assistant City Manager.

The Committee was provided with a 15-minute PowerPoint presentation from Thom Connors, SMG Senior Vice President of Convention Centers.

## **SMG'S PRESENTATION**

#### SMG is:

- The World's Leading Private Facility Management Company
- 45 Convention Centers, 31 Theaters plus Arenas, Stadiums, and Other Venues
- 9 Million Square Feet of Exhibit Space
- Host to over 4,500 Conventions, Trade Shows, and Special Events Last Year with Over 16 Million Attendees

#### SMG's Credo: We Work for You:

- Client Satisfaction
- Client Accountability
- Community Involvement
- Operational Excellence
- Customer Service
- Profitability
- Employee Satisfaction
- Business Conduct

## SMG's Key Personnel Experience:

- Sr. VP of Convention Centers Thom Connors. Over 25 years of industry experience; 12 years of direct MBCC/JGT experience.
- Sr. VP of Booking Mike Evans. Over 30 years of industry experience; operates SMG Booking network.
- GM Doug Tober. Over 22 years industry experience; 7 years with MBCC/JGT.

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Remainder of Key Staff. Over 100 years combined industry experience; 55 years combined MBCC/JGT experience.

## SMG's Goals & Objectives:

- Focus on Service
- Ongoing Training
- Mystery Shopper
- Focus on Technology
- Wireless: needs assessment with Intel
- Focus on Security
- Threat Assessment & Emergency Preparedness Training
- Focus on Sales and Bookings
- Telemarketing Blitzes
- Database Management & Lead Generation
- Corporate Booking Strategy

## **Convention Center Bookings:**

- NMMA/IBEX Boatbuilders Show
- Fostered by SMG/NMMA relationship
- Shoe Market of the Americas (3/year)
- Local SMG sales efforts payoff
- ISC Motorsports Summit
- Generated from SMG/PGI relationship
- VNU Hospitality Design Show
- Assisted by SMG/VNU relationship
- Clear Channel Exhibitions Opportunity
- Benefit from national SMG/CCE relationship

## Convention Center **New** Bookings:

- NMMA/IBEX Boatbuilders Show
- Fostered by SMG/NMMA relationship
- Shoe Market of the Americas (3/year)
- Local SMG sales efforts payoff
- ISC Motorsports Summit
- Generated from SMG/PGI relationship
- VNU Hospitality Design Show
- Assisted by SMG/VNU relationship
- Clear Channel Exhibitions Opportunity
- Benefit from national SMG/CCE relationship

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## **TOPA Bookings:**

- Diversification of Programming
- Introduction of Family Shows
- Cultivation of Contemporary Music Promoters
- Television Broadcast Origination
- Film Festivals
- Flexibility with Half-House Configuration
- SMG Corporate Bookings Leverage
- Weekly Booking Updates
- Packaged presentations to Agents and Promoters
- SMG/JAM Joint Venture

## SMG Corporate Support for Miami Beach:

- IAEM Reception
- Microsoft
- Art Basel Negotiation
- Scholarship Funding
- Contribution to Miami Beach All-American City Travel Expenses
- Team SMG in Top 3 City Relay for Life Fundraisers
- Development of ARTEC Program w/MDCPS
- Annual 4<sup>th</sup> of July Celebration
- JGT Bookings
- Operational Audits
- Food and Beverage
- Security & Threat Assessment

## SMG's Impact:

- Cumulative Net Operating Income of over \$750,000 for the last 4 years
- Facility has received Facilities & Destinations Magazine Prime Site Award for 5 consecutive years.
- A+ Performance Rating between 96 & 97.5% of incentive criteria over the last 4 years.

After SMG's presentation, the Committee conducted a thorough question and session, which lasted more than one-hour. Evaluation Committee Members stressed the importance of the contract negotiations; specifically, the need to focus on enhanced and integrated marketing efforts; utilizing best practices from other markets; targeted and enhanced sales efforts, based on audience development assessments and market research; greater oversight, direction and focus on quality

of the food and beverage operations provided by Centerplate; and, an aggressive competitive approach to attract new bookings. From the Jackie Gleason Theater operations, the Committee emphasized the need to collaborate and meet with the PACT to complement facility bookings. Thom Connors felt the Gleason has consistently had to reposition itself when new competitive facilities have come on line in Miami-Dade, Broward and Palm Beach Counties. This will be a primary focus of SMG and the cost benefit of ongoing reinvestments in the Theater should be carefully evaluated.

Lastly, the Committee discussed SMG's interest and benefits in operating any or all of the optimal facilities. SMG highlighted the programmatic technical operational and marketing advantages that could be derived by their in-house staff capacities and recognized the City will determine, in its sole discretion, how best to proceed with the Optional Facilities upon conclusion of the Cultural Facilities Study currently underway.

Following the conclusion of the question and answer session the Committee scored SMG's proposals as follows:

## **EVALUATION SCORING OF SMG**

	Eva Barreto	Stu Blumberg	Eugene Woodard	Mayra Buttacavo	Joe oli Fontana		Donna Shaw
Experience & Qualifications (Max – 20)	20	20	20	18	15	20	15
Quality of Managemer Team (Max – 20)	nt 20	20	20	18	15	20	15
Approach and Methodology (Max – 1	5) 5	5	8	10	5	8	8
Marketing Plan(Max-1	5) 5	5	12	10	10	10	5
Fee Proposal (Max- 20	0) 10	15	20	18	10	10	10
Financial Stability and Capability (Max -	10) <u>10</u> 70	<u>10</u> 75	<u>10</u> 90	<u>9</u> 83	<u>10</u> 65	<u>10</u> 78	<u>8</u> 61

#### **EVALUATION COMMITTEE'S RECOMMENDATIONS**

1. Recommend SMG as the successful proposer. (Motion by Stu Blumberg, Second by Eva Barreto, Vote 6-0 in favor of motion).

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- 2. Recommended that prior to any contractual negotiations with SMG, that a five-year plan be completed with an operational and budget component for both the Convention Center and TOPA. (Motion by Stu Blumberg, Second by Pablo Cejas, Vote 6-0 in favor of motion).
- 3. Recommended that the incentive fee portion be subject to annual review and may be renegotiated by mutual agreement. (Motion by Pablo Cejas, Second by Joe Fontana, Vote 4-2 in favor of motion).
- 4. Recommend that the one-time contribution of \$400,000 be amortized over the term of the contract rather than 15-year period that was proposed by SMG. (Motion by Eugene Woodard, Second by Mayra Buttacavoli, Vote 6-0 in favor of motion).

## CONCLUSION

The Administration recommends that the Mayor and City Commission adopt the attached resolution which accepts the City Manager's recommendation, and approves the selection of SMG, as the successful proposer pursuant to Request for Proposals (RFP) No. 33-02/03, and further authorizes the Administration to enter into negotiations with SMG for the Management and Operation of the Miami Beach Convention Center, the Jackie Gleason Theater of Performing Arts, and other facilities.

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A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE CITY MANAGER AND APPROVING THE SELECTION OF SMG, AS THE SUCCESSFUL PROPOSER PURSUANT TO REQUEST FOR PROPOSALS (RFP) NO. 33-02/03, AND FURTHER AUTHORIZING THE ADMINISTRATION TO ENTER INTO NEGOTIATIONS WITH SMG, SUBJECT TO SUBMISSION OF A FIVE YEAR OPERATIONAL, MARKETING AND BUDGETARY PLAN, FOR THE MANAGEMENT AND OPERATION OF THE MIAMI BEACH CONVENTION CENTER, THE JACKIE GLEASON THEATER OF PERFORMING ARTS, AND OTHER FACILITIES.

WHEREAS, on July 15, 1998, the Mayor and City Commission adopted Resolution No. 98-22850, which authorized execution of an Agreement with SMG for the management and operation of the Miami Beach Convention Center (MBCC) and Jackie Gleason Theater of the Performing Arts (TOPA) for three (3) years, with two (2) one-year renewals; and

WHEREAS, on September 5, 2001, the Mayor and City Commission adopted Resolution No. 2001-24573, which approved the two (2) one-year renewal terms which will expire on September 30, 2003; and

WHEREAS, on October 25, 2002, the Finance and Citywide Projects Committee convened and recommended the Administration issue a Request for Proposals (RFP) seeking qualified firms for the management and operation of the MBCC and TOPA; and

WHEREAS, on January 8, 2003, the Mayor and City Commission adopted Resolution No. 2003-25107, which authorized the issuance of an RFP for the management and operation of MBCC and TOPA, as well as other City cultural facilities to include, but not limited to, the Byron-Carlyle Theater, the Acorn Theater, the bandshell and/or the Colony Theater; and

WHEREAS, RFP No. 33-02/03 was issued on February 24, 2003 with an opening date of February March 21, 2003, which was subsequently changed to March 28, 2003 as a result of questions and requests for additional information from interested proposers; and

**WHEREAS,** on March 28, 2003, the City received two (2) proposals from Waterford Hotel Group, Inc. and SMG, respectively; and

WHEREAS, after reviewing both proposals, the Administration in consultation with the City Attorney's Office, determined that Waterford's proposal was non-responsive based on the following:

- 1. No audited financial statements were submitted as required by Section III B(a) through (e) of the RFP;
- 2. No resumes for its key personnel were submitted as required by Section III B(8) of the RFP:

- 3. No credit report or credit history letters from financial institutions were submitted as required by Section III B(10)(g) and (h); and
- 4. No public entity crime form was submitted as required by Section III A(5) of the RFP; and

WHEREAS, the City Manager, via Letter to Commission (LTC) No. 88-2003, appointed an Evaluation Committee ("the Committee") to review the SMG proposal, consisting of the following individuals:

- Eva Barreto, Miami Beach Chamber of Commerce
- Stu Blumberg, President, Greater Miami & the Beaches Hotel Association
- Mayra Diaz Buttacavoli, Assistant City Manager
- Pablo Cejas, Lincoln Road Property Owner
- Joe Fontana, Convention Center Advisory Board Member
- Nancy Wolcott, Cultural Arts Council
- Trish Walker, Chief Financial Officer
- Eugene Woodard, Budget Advisory Committee
- Donna Shaw, Director of Tourism and Cultural Development; and

WHEREAS, on June 18, 2003, the Committee convened (Trish Walker and Nancy Wolcott were unable to participate due to prior obligations) and was provided with the following information:

- 1. Cone of Silence, Government in the Sunshine Law, and evaluation criteria by Gus Lopez, Procurement Director; and
- 2. Project overview, background information, and scope of services by Christina Cuervo, Assistant City Manager; and

WHEREAS, after SMG's presentation, the Committee conducted a thorough question and answer session, which lasted more than one-hour, stressed the importance of the contract negotiations and the need to focus on enhanced and integrated marketing efforts, utilizing best practices from other markets, targeted and enhanced sales efforts, based audience development assessments and market research, greater oversight, direction and focus on quality in the food and beverage operations provided by Centerplate and an aggressive competitive approach to attract new bookings; and

WHEREAS, from the perspective of the Jackie Gleason Theater operations, the Committee emphasized the need to collaborate and meet with the Performing Arts Center Institute (PACI) to compliment facility bookings; and

**WHEREAS**, following the conclusion of the question and answer session the Committee scored SMG's proposal, and recommended the following:

1. SMG as the successful proposer;

- That prior to any contractual negotiations with SMG, a five-year plan be completed with an operational and budget component for both MBCC and TOPA;
- 3. That the incentive fee portion be subject to annual review and may be renegotiated by mutual agreement;
- 4. That the one-time contribution of \$400,000 be amortized over the term of the contract rather than the 15-year period that was proposed by SMG; and

WHEREAS, the City Manager has reviewed the Evaluation Committee's findings, as well as conducted his own independent review of the SMG proposal, and concurs with the recommendation of the Evaluation Committee relative to the selection of SMG as the successful proposer, pursuant to RFP No. 33-02/03.

NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commission accept the recommendation of the City Manager and herein approve the selection of SMG, as the successful proposer pursuant to RFP No. 33-02/03, and further authorize the Administration to enter into negotiations with SMG for the management and operation of the Miami Beach Convention Center, the Jackie Gleason Theater of the Performing Arts, and other Facilities.

PASSED and ADOPTED this	day of	_, 2003.		
ATTEST:				
CITY CLERK		MAYOR		

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APPROVED AS TO FORM & LANGUAGE & FOR EXECUTION

Date